

MEMORANDUM

Date: 10/9/2002

To: E-Rate

From: Claude Shipley

RE: E-Rate News for the Week of 9/30/2002-10/4/2002

- Internal Connection Funding at 90% for FY 2002
- Form 471 Application Window Set for FY 2003
- Updated SLD Guidance on Service and Supplier Changes
- E-Rate Training Material on SLD Web Site

The E-Rate News for the Week, prepared by E-Rate Central, is sponsored by the Council of Chief State School Officers ("[CCSSO <http://www.ccsso.org>](http://www.ccsso.org)") and made possible by a grant from the [AT&T Foundation <http://www.att.com/foundation/>](http://www.att.com/foundation/). Official SLD news is in the "What's New!" section of the SLDs Web site [\(<http://www.sl.universalservice.org>](http://www.sl.universalservice.org)) (<http://www.sl.universalservice.org>). Additional information is on the State Education Telecommunications Alliance's ("[SETA <http://www.e-ratecentral.com>](http://www.e-ratecentral.com)") Web site ([<http://www.e-ratecentral.com/>](http://www.e-ratecentral.com/)).

- Internal Connection Funding at 90% for FY 2002

The SLD determined this week that full funding would be available for valid Internal Connection (Priority Two) requests at the 90% discount level. Applicants, who have already received Funding Commitment Decision Letters ("FCDLs") indicating that their Internal Connection requests were "As Yet Unfunded," should receive second FCDLs with decisions on these requests. A large number of Priority Two decisions are expected in the FCDLs to be released in Wave 13 on Tuesday, October 8.

No Internal Connection funding decisions have yet been reached on discount rate requests in the 80-89% range.

- Form 471 Application Window Set for FY 2003

The SLD has formally set the Form 471 application filing window for the 2003-2004 funding year. The window will open on Monday, November 4, 2002 (noon EST) and close on Thursday, January 16, 2003 (11:59 p.m. EST). Given the demand for E-rate funds, only applications filed within this window period are likely to be funded.

Please remember that a Form 470 must be filed, and posted on the SLD Web site for 28 days before service providers are selected (and contracts signed) for next year and before a Form 471 is filed. To take full advantage of the Form 471 window, therefore, Form 470s should be submitted as soon as possible.

□ Updated SLD Guidance on Service and Supplier Changes

A significant amount of new information was posted on the SLD Web site this week on requests for service and supplier changes. Web links and summary comments are provided below.

Service Substitution Guidance

<http://www.sl.universalservice.org/reference/ServiceSub.asp>

An applicant wishing to apply for E-rate discounts awarded on a specific service to a different, but functionally equivalent service, must request approval for the substitution. The new guidelines include specific criteria and deadlines that must be met for these requests. Note the following:

- (a) Previously, a service substitution request had to be initiated by filing another Form 471 using Block 2 to indicate a "Minor Modification to Existing Contract." The preferred request mode is now a letter (a sample format is provided).
- (b) A service substitution request may be submitted no later than the last day of funded service, i.e., June 30 for a recurring service and September 30 for a non-recurring service. (For most 2001-2002 funded non-recurring services, therefore, this deadline is Monday, September 30.)
- (c) If a service substitution is required because the vendor has discontinued a specific product, procedures are discussed whereby the vendor can initiate a service substitution request on behalf of all affected applicants.

SPIN Change Guidance

<http://www.sl.universalservice.org/reference/SpinChange.asp>

An applicant who has changed (or plans to change) the vendor used for a given service may request that the associated funding switched from the original vendor to the new vendor by filing a SPIN (Service Provider Identification Number) change request. The new guidelines include specific criteria and deadlines that must be met for these requests. Note the following:

- (a) If the change in vendor also requires a service substitution, both a service substitution request and a SPIN change request must be filed. The filings can be made concurrently.

- (b) A SPIN change request may be submitted no later than the last day of funded service, i.e., June 30 for a recurring service and September 30 for a non-recurring service. Note that for FY 2001, the recurring service SPIN change deadline has already passed; the non-recurring deadline is Monday, September 30. We encourage any applicant, who is still preparing BEARs that require SPIN changes for FY 2001, to continue to file SPIN change requests in hope that the SLD will not strictly enforce these deadlines.
- (c) The new guidance information includes specific certification language that must be included in all SPIN change requests. While the letters can contain other explanatory information, these certifications should be included verbatim.

SPIN Correction Guidance

<http://www.sl.universalservice.org/reference/SPINCorrection.asp>

A SPIN “correction” is essentially a simpler form of a SPIN “change.” A correction request can be made when there is no real vendor change. Changes that can be corrected include those necessitated by data entry errors on the Form 471 or by vendor mergers or acquisitions. Corrections can be made at any time: there are no deadlines.

Letters requesting service substitutions or SPIN changes and corrections can be mailed to the SLD, e-mailed to SLDCorrespondenceUnit@sl.universalservice.org or faxed to (973) 599-6526.

- E-Rate Training Material on SLD Web Site

For the last two years, the SLD has conducted intensive “Train-The-Trainer” workshops for state E-rate representatives. The 2002 workshop was held earlier this September. Copies of the PowerPoint slides that were used in this workshop are available at <http://www.sl.universalservice.org/reference/Presenations2002.asp>. (For those typing in the URL address, please note the condensed spelling of the word “presentations.”)

NOTE: We are going to add another E-Rate workshop to the four already planned and announce to better support E-Rate applicants in south Florida: site will possibly be in Palm Beach County or Broward County and will be announced this week.

Appreciate the feedback on desire for workshops, Claude

The 2002 Washington, DC workshop was videotaped and is available online for a limited time only to registered users (see <http://www.universalservice.org/sldb/webcast/register.asp>). Viewers interested in watching only portions of the web cast should reference the workshop agenda (see <http://www.sl.universalservice.org/reference/2002Agenda.asp>).

Applicants looking for more basic training information on the E-rate process, including step-by-step suggestions for completing specific forms, may want to reference the slides from the previous year's workshop that is still available on the SLD Web site at <http://www.sl.universalservice.org/reference/Presenations2001.asp>. Another good source of information is the "Applications Tips" section of the E-Rate Central Web site.

Disclaimer: This newsletter may contain unofficial information on prospective E-rate developments and/or may reflect E-Rate Central's own interpretations of E-rate practices and regulations. Such information is provided for planning and guidance purposes only. It is not meant, in any way, to supplant official announcements and instructions provided by either the SLD or the FCC.

- Wave 13 Funding for FY 2002
- **Service Delivery and BEAR Deadlines and Extensions: very important!!!!**
- CIPA Category 1 Library Contacts Complete
- Counting Telephone Lines

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- Wave 13 Funding for FY 2002

Wave 13, the largest wave of Funding Year 2002 and the first to include funding for Internal Connections, will be released on Tuesday, October 8. Total funding in this Wave is approximately \$578 million for 2,180 applications. The cumulative total for FY 2002 is now \$1.38 billion for 26,765 applications.

Internal Connection funding is now being provided for applicants at the 90% discount rate. No Internal Connection funding is available below 80%. Internal Connection funding for discounts in the 80-89% range cannot yet be projected.

- **Service Delivery and BEAR Deadlines and Extensions**

The SLD added updated guidance on its Web site this week discussing service delivery and invoice deadlines. The new Web site references can be found at:

<http://www.sl.universalservice.org/reference/ServiceDeliveryDeadlines.asp>, and

<http://www.sl.universalservice.org/reference/InvoicingDeadlines.asp>.

The service delivery information reiterates the existing rules that recurring services must be delivered within the relevant funding year (July 1 to June 30), and that non-recurring services must generally be delivered and installed no later than September 30 of the following year (thus providing the extra summer months for project completion). Instructions are provided for submitting a Service Delivery Deadline Extension Request.

The invoice deadline information also reiterates the existing rules. Invoices – be they BEARs submitted by applicants for reimbursed discounts or SPIs submitted by vendors for discounted services – must be postmarked no later than 120 days after the service delivery deadline (or 120 days after the date of the Form 486 Notification Letter, if later).

IMPORTANT: This means that the basic BEAR deadline for recurring services for FY 2001 (ending June 30, 2002) is October 28, 2002. The invoice information also provides conditions and instructions for submitting an Invoice Deadline Extension Request.

- CIPA Category 1 Library Contacts Complete

Last August, the SLD announced special procedures for several categories of libraries that had not correctly filed FY 2001 Form 486s because of CIPA concerns (see <http://www.sl.universalservice.org/reference/CIPAGuidance.asp>). Category 1 libraries were those libraries which filed Form 486s without checking the Item 11 CIPA certifications. The guideline for Category 1 was that the SLD would contact all affected libraries and request new certification pages. On September 30, the SLD announced that it had completed its contact procedures.

Libraries that believe they filed Form 486s without checking Item 11, and should be classified as Category 1, but have not yet been contacted by the SLD, must submit new FY 2001 Form 486s by October 28, 2002.

- Counting Telephone Lines

Applicants are increasingly being asked by the SLD's application reviewers to provide the number of local and long distance telephone lines in service. The number of lines used by applicants is apparently being used as a rough check on monthly telephone charges and/or as a comparison with the level of telephone service originally sought in an applicant's Form 470. Counting telephone lines can be confusing, however, in part because the SLD has no standard definition of a "telephone line."

Telephone service comes in a wide range of configurations. Small schools and libraries may use one or a few regular telephone lines. Separate lines may also be used by larger entities for special purposes such as for fax machines. These individual telephone lines are easy to count.

The majority of the service used by larger schools and libraries, on the other hand, is provided over more sophisticated telephone systems including key systems, PBXs, and Centrex services. Defining telephone lines for such systems is more complex.

Key systems and PBXs are switches that are located at customer locations to permit a large number of telephone users to make internal calls among themselves and to place or receive external calls over the local and long distance telephone network.

There are two types of lines attached to these switches – many telephone "station" lines connected to the users' telephone sets, and a more limited number of telephone "trunk" lines connecting the switch to a telephone company central office. Physically, the trunks can be individual voice-grade lines or a lesser number of higher speed lines with multiple voice-grade line capacity (e.g., a T-1 line is equivalent to 23 voice-grade lines).

Centrex service is functionally equivalent to PBX service, but uses a switch at the telephone company's central office rather than a separate switch at the customer's location. With this configuration, individual voice-grade or higher speed lines are used to connect each customer telephone "station" to the central office.

Typically, the SLD requests for line counts refer to local and/or long distance service, but do not specify whether they are interested in: (a) "station" or "trunk" lines; or (b), physical or voice-grade equivalent lines. In the absence of more specific requests, we recommend the following:

(1) SLD requests for telephone line counts should be answered in terms of the number of telephone "station" lines. This provides the most consistent measure of network size, independent of a particular switching system and/or high speed line equivalency. Such a response is also in line with the information requested in a Form 471 (Block 3) concerning the number of classrooms with phone service (typically one telephone "station" line per room).

(2) Unless specific phones are blocked from making long distance calls, the number of local and long distance lines should be the same.

For consistency when filing a Form 470, we recommend that the number of telephone lines, used as a measure of quantity and/or capacity in any request for local and long distance telephone service (Item 8), also be expressed in terms of telephone "station" lines.

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